

GENERAL FUND SUMMARY, 2017

The General Fund for Bayfield County in 2017 includes 23 Departments. The General Fund is the largest of county funds and is separate and distinct fund from the Human Services or Highway funds.

57.5% of the 2017 county tax levy is allocated to General Fund Departments this includes transfers to both the Capital Improvement and Highway Funds. This percentage is up 1% from 2016 when it was 56%. The average over the past four years is: 57.25%.

The increased retainage by the General Fund reflects on Sheriff's Office needs and the utilization of fund balances to transfer to the CIP and Highway funds instead of levy funds. This is made possible by strong forestry proceeds. If Forestry proceeds fell dramatically, it could require county levy dollars to be used for highway transfer to continue the six-mile restoration goal. Alternatively cost reductions could be used.

The General Fund in 2017 will account for 53% of overall county spending, up from 50% in 2016, 2015 and 2014 and 53% and 52% respectively in 2013 and 2012.

The General Fund is non-lapsing, meaning that revenues exceeding expenditures in any one year remain in this fund. Likewise, if there is a deficit, funds come from the General Fund balances. The General Fund is also the repository of excess revenues from most other funds. Exceptions to this include Highway, internal funds such as the Motor Pools, dedicated funds such as Housing, HRA Trust, Jail Assessment, as well as several Non-Lapsing line items. **This is why expenditures of excess revenues or fund balances transfers originate in the General Fund.**

EXPENDITURE SUMMARY

Expenditures in the General Fund are projected at \$16,241,307 a \$681,072 increase over 2016.

Brief expenditure details at the top of each department section are written by the county administrator not the department head. The remainder of the narrative however is prepared by the department head. This intro section reflects an overall summary of the proposed budget it includes modifications made. Budget changes made by the County Administrator and County Board can be seen on the spreadsheets by noting the difference between the **Department, County Administrator and County Board** Columns. Each department has included a summary in addition to a list of 2016 accomplishments and 2017 goals.

REVENUE SUMMARY

Revenues for the General fund (exclusive of taxes) are estimated at \$10,755,080, a \$1 million increase over 2016. Forestry and flood expenses make up a portion of this but fund balance applied is the majority of it.

Revenues to the General Fund come from six primary sources: Property Taxes, State Revenues, User Fees, Grants, Interest earnings and Sale of Wood from the County Forests.

KEY REVENUE SOURCES

Property Taxes

Property taxes are based on the assessed value of a property. Each municipality is responsible to comply with State regulations ensuring that assessed values reflect actual property values. In the early part of the decade property values increased dramatically as a result of increased demand for wooded, lakeside and lake view properties. While property values increased the county strived to keep levied funds to a minimum. Because of increases in valuation, the county's mill levy dropped to an all-time low of 3.2 mills in 2009 and 2010. In the last five years however the mill rate has climbed back up. The proposed *average* levy of 3.74 mills in 2017 is the same as 2016.

For the past several years Bayfield County has experienced property value declines totaling over 8%. As valuations decline, mill rates increase if the amount levied is kept the same. Equalized valuation changes in the last 5 years are shown below for Bayfield County.

EQUALIZED VALUATION CHANGE

2011 -2.16%,
2012 -4.08%
2013 -2%.
2014 0%
2015 -1%
2016: 2%
2017: 0%

SALES TAX

Bayfield County instituted a .5% sales tax in April of 1991. Sales tax revenues are a major source of support of the general fund, contributing approximately 3.5% of total expenditures. In 2017 the estimate is \$1,079,000 (waiting for an updated estimate from the state now). Visitors and residents of Bayfield County pay sales tax with every purchase except for food. The five-year trend, 2011 – 2015 shows an increase per capita from \$59.10 to \$69.97 in 2015 as shown below:

The top five sales tax contributors in Bayfield County, reported by the Wisconsin Department of Revenue, by business code in 2013 were:

Sales Tax Sources:

	<u>2013</u>	<u>2016 ytd</u>
Retail Trade:	37%	38%
Accommodation and Food:	13%	12%
Information/Telecommunications:	10%	12%

Construction:	5%	
Arts/Entertainment/Recreation	4%	
Wholesale		8%
Other	31%	30%

Bayfield County has historically had the lowest per capita sales tax in the five county region. This is increasing however. In 2011 Bayfield County was \$10.44 below the state per capita average, in 2015 Bayfield County is \$7.79 below the state average. In 2011 Bayfield County collected \$59 per person in sales tax, in 2015 this was up \$10 to \$69. The breakdown by county is shown below:

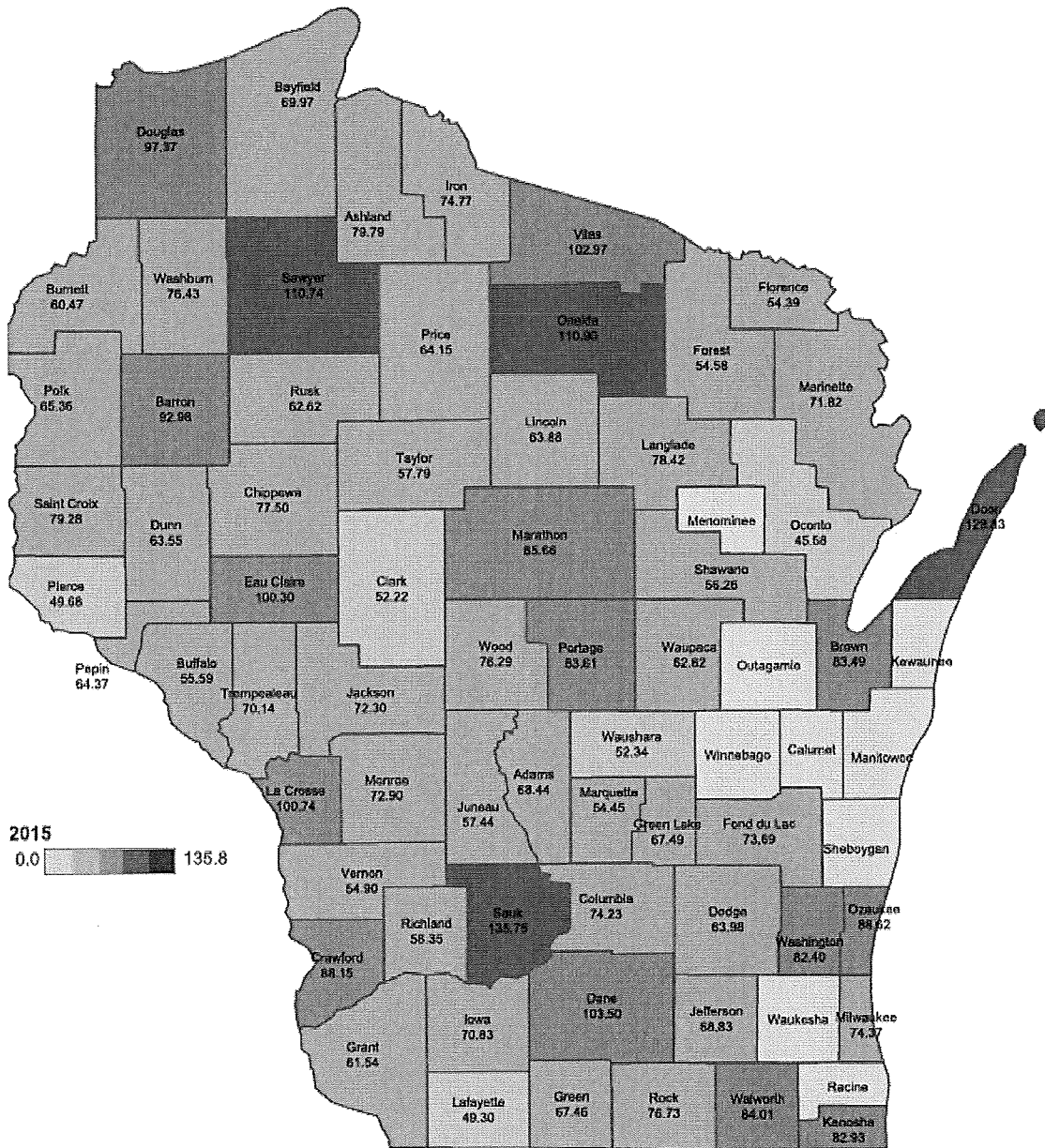
NW Wisconsin County Sales Tax Per Person, 2011-2015

COUNTY	2011	2012	2013	2014	2015
Ashland	64.92	69.76	70.89	78.37	79.79
Bayfield	59.08	62.11	66.91	68.12	69.97
Douglas	71.30	75.23	81.67	95.86	97.37
Iron	66.03	68.94	69.32	73.57	74.77
Sawyer	80.48	87.32	88.44	102.11	110.74
Statewide County Sales Tax	69.52	70.82	73.17	79.17	77.76
State Sales Tax	72.00	75.69	78.74	80.91	84.37

Across the state the rate per county goes from a high of \$135 per person in Sauk County to a low of \$45 in Oconto County. In addition there are nine counties with no sales tax.

The County Comparison is shown below on the State Map. This compares rates in 2015.

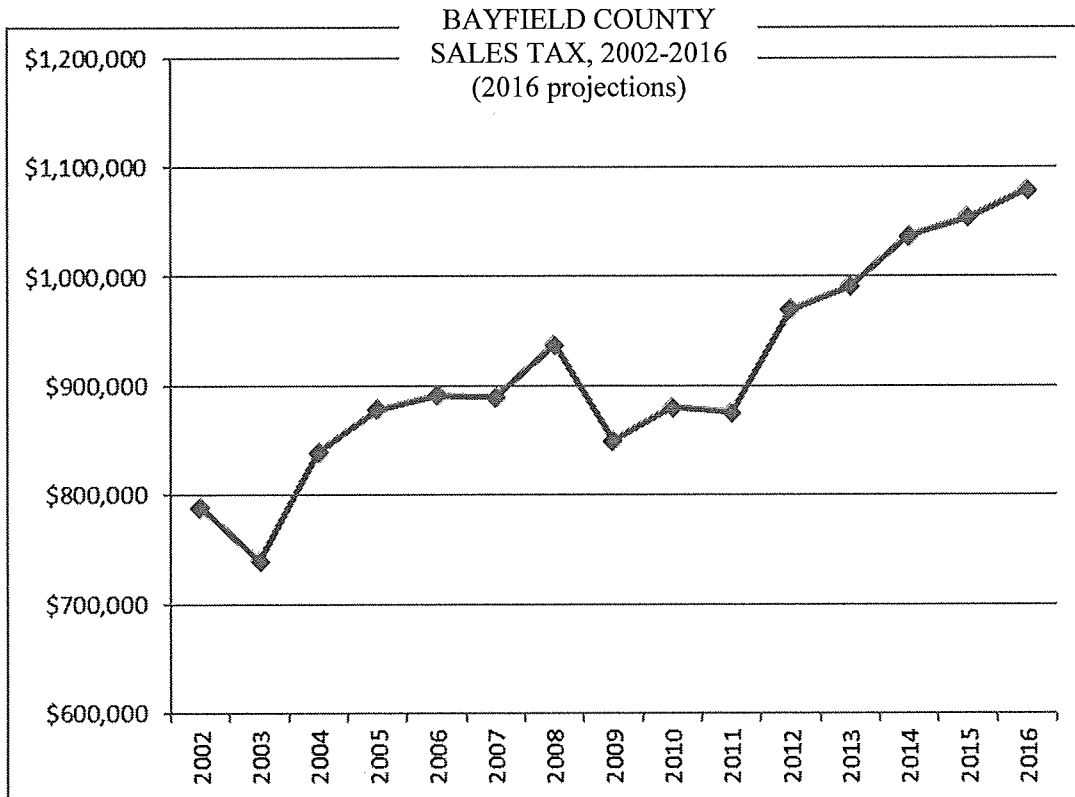
COUNTY SALES TAX COLLECTIONS PER CAPITA 2015



Source, 2016 State and Local Sales and Use Tax Report,

PER CAPITA SALES TAX IN \$

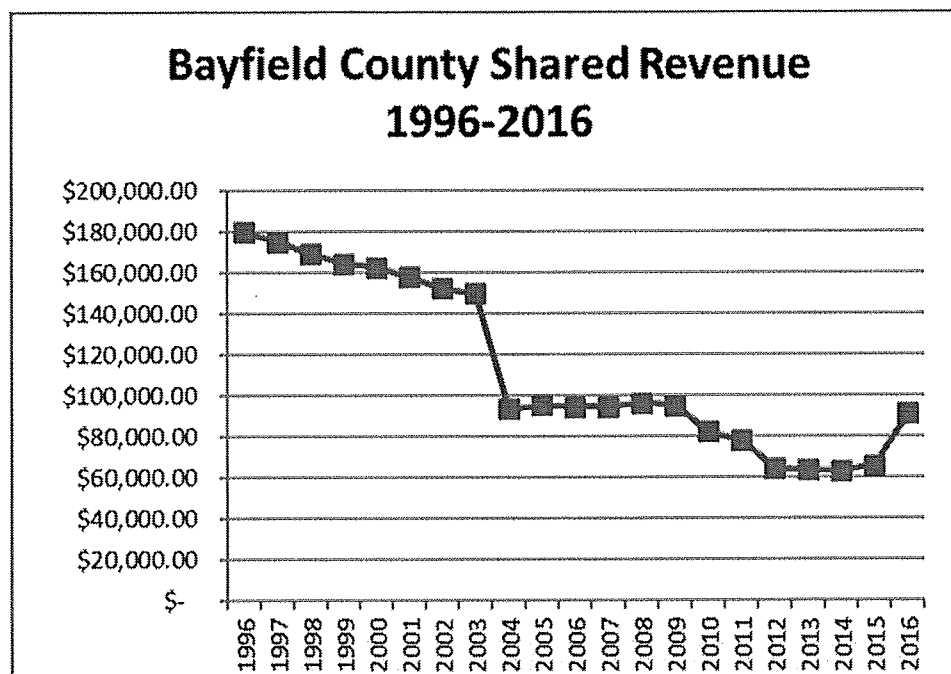
Bayfield County adopted a sales tax ordinance in 1991. By statute, the County imposes a .5% sales or use tax on retail sales, which are not otherwise exempt by state statute. The tax is collected by retailers and forwarded to the State. In turn, the state calculates the tax collected in each county and forwards a check to the county. The purpose of sales tax is to reduce the property tax levy. Currently 56 of Wisconsin's 72 counties impose a sales tax.



REVENUE SHARING:

\$154,000 was budgeted for State Revenue Sharing in 2002 since then the trend has been downward for Bayfield County. Firm estimates are usually not available until mid to late September. The 2017 estimate is \$89,888.

State shared revenues are derived from the State's portion of sales taxes. The formula used to make this calculation includes per capita population, valuation and levies.

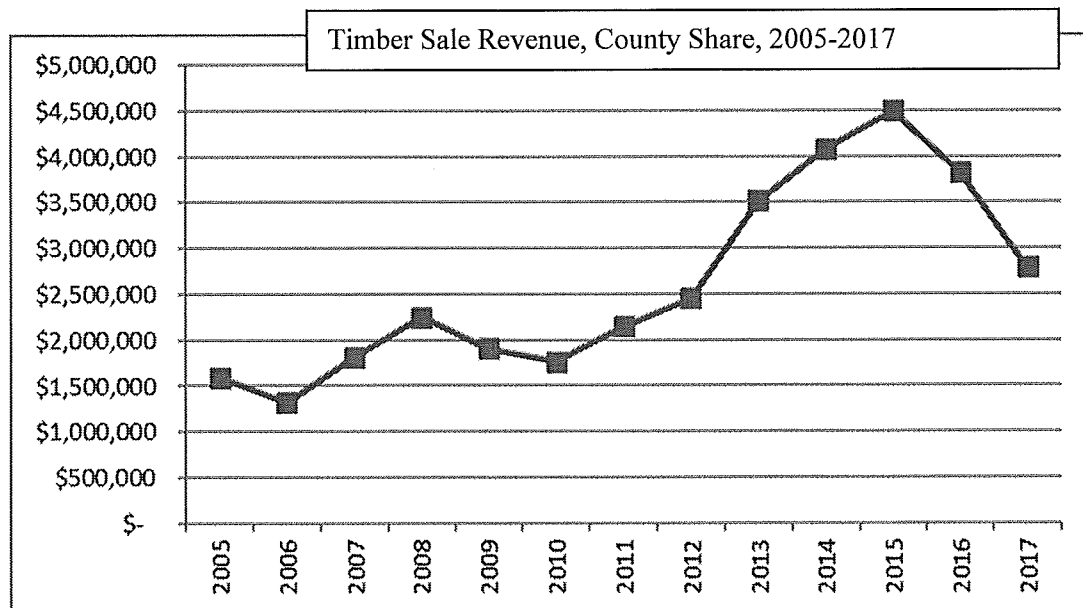


TIMBER SALES:

Bayfield County owns over 170,000 acres of forested lands in the county. In 2017 timber sales will generate approximately \$1.8 million or 35% of the General Fund base operating levy in 2017.

Sale of wood occurs on a three-year term, this allows loggers time to cut the wood over a period of time. It also means that market fluctuations or forest wide variations may take several years to completely impact revenues. In 2017 revenues will be coming in from bids in 2015, 2016 and 2017.

Overall county timber proceeds have exceeded estimates by over a million dollars. Annually. These overages are used for capital projects the following year. Conservative estimates on forestry revenue projections are appropriate due to the three year time period for timber sales to be cut and to reflect market fluctuations.



Past timber sales are a good indicator of future revenue streams. Detailed analysis is available in the Forestry section.

USER FEES

User fees are an important source of revenue for the county. User fees require the people who are directly benefiting from the service to pay all or a portion of the cost. Examples with the county include; permit fees in zoning, document fees in the Register of Deeds Office, license fees at the sheriff's office, jail huber fees, gate receipts at the fair and license fees in the County Clerk's office. Over the past several years' user fees revenues have dropped in multiple departments as construction and land purchases dwindle. We are hoping to be approaching a solid upturn.

Estimates for Planning and Zoning fees are up \$5000 from last year, to \$195,000. Fees in the Register of Deeds office are estimated to drop by \$5000, about 3%.

Fee increases are evaluated regularly across county departments. The intent is to have users pay a share of the cost. For example in the Planning and Zoning Department the goal is for users of the office to pay 70% of the cost of a permit. The proposed budget in 2017 has user fees (\$195,000) paying 43% of the department expenses (\$445,000), the same as 2016.

GRANTS

Grants can be for a specific one-time project such as lighting, well testing, energy upgrades, road projects, conservation practices, snowmobile bridges, etc. Grants can be one year but often extend over several years. Annual allocations from the State for Snowmobile and ATV trails maintenance are dependent on the number of miles of State approved trails. Health, Human Services, Child Support, the Courts, Sheriff and Land

Conservation departments receive a variety of grants that provide operating support for state programs.

INTEREST EARNINGS

Beginning in 2011 the county partnered with Bremer Bank's Trust Department for secure municipal bond and mortgage backed security investments. These provide security of public funds while returning a higher interest rate. The county has authorized \$3,000,000 (25% of the counties balances) to be invested for up to a maximum duration of four years with a three-year average. Bond yields are locked provided they are held to maturity which is the county's plan. Earnings have been just under 1%, at least double other investment alternatives.

Other methods employed by the County Treasurer include negotiated base interest rates at banks, CDARS (a distributed CD in larger denominations that have higher returns),